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THE LAND MARKET IN NEBRASKA
1930 - 1944

by
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Lincoln, Nebraska
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Summary

(1) The index of land prices for Nebraska dropped from 191 in 1930 to a low of 73 in 1941 and rose to 106 by 1944 (1935-39 = 100).

(2) The average price of land for the State was $50.15 per acre in 1930, $19.18 in 1941 and $27.91 in 1944.

(3) The price of land has increased 46 percent since 1941.

(4) The greatest decreases in price occurred in the north central, central, south central and southwestern parts of the State.

(5) The greatest increases in price have occurred in the north central and sandhills areas.

(6) The average value per acre as reported by the Census was higher than the average price shown by this study.

(7) The Bureau of Agricultural Economics index of land values and the index of land prices developed in this study follow each other rather closely, although there is a lag in the index of land values.

(8) The volume of sales for the year ending April 1, 1944 was more than five times as great as in 1933 and nearly three times as great as in 1941.

(9) The Bureau of Agricultural Economics index of the volume of land sales based on crop reporters estimates shows more transfers from 1941 to 1943 than does the index of volume developed in this study. This may be because the former reflects the use of unrecorded contracts for deed as corporations liquidated their holdings.

THE LAND MARKET IN NEBRASKA, 1930-44 [1]

by Lyman W. Wallin

That prices and volume of sales of Nebraska land are increasing is well established. There is some question as to when prices of land started to rise, how far they have risen, and how active the land market has become. The main purpose of this report, therefore, is to present additional data relating to land prices and volume of sales in Nebraska, and to analyze the land market in various parts of the State.

Objectives

The objectives of the report are: (1) to develop an index of land prices in Nebraska for the period 1930-44 based on actual sales, (2) to make an analysis of trends in price and volume of sales since 1930 and (3) to compare these data with other indicators of land values.

Procedure

This study is based upon 40,802 sales of farm land comprising 10,473,000 acres, for the period 1930-44. The number of sales ranged from a low of 1,216 in 1933 to a high of 7,824 in 1944. [2] These sales are reported annually by the county registers of deeds to the State Tax Commissioner for the year ending April 1. Although some counties failed to report for certain years and full consideration was not known in some sales, nevertheless a fairly complete record of land transfers for the entire State is available for this period. [3]

The sales reported by the counties were edited to remove those that seemed to be distress transfers or intra-family transactions. When only partial information was available or when the mortgage data cast doubt on the accuracy of the reported sale price, sales were omitted. Also any transfer was arbitrarily excluded if the assessed value was reported to be more than five times the sales price. Individual sales as reported by the counties were not dated; consequently, some sales recorded late probably were considered as current sales. For this reason, the price index might be less responsive to market conditions, but it is believed that the number of late recordings does not greatly influence the average price as developed in this report.

The counties reported quite regularly. In some years all counties reported, but in 1941 only 68 did so. The failure of some counties to

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1/ Land Economics Division Research Memorandum No. 25.

2/ Sales in nine counties were excluded from this study because omissions in annual data were frequent. In addition, Scotts Bluff County was excluded because average annual prices were extremely erratic.

3/ The Nebraska statutes require that all conveyances of real estate contain true and correct consideration, unless the consideration does not exceed $100. (Sec. 76-268, C.S.N. 1929.)

report during the adverse years may have been because of the small number of sales during those years. This variation in the number of counties reporting, and the variation in quality or value of land from one part of the State to another made it undesirable to compare directly the unweighted data for one year with another. For example, an increasing proportion of high-value land sold would make the increase in price appear higher than it really was. For this reason, the State was divided into nine areas which are relatively uniform throughout with respect to type of farming and value of land. The average price of land was calculated for each area by dividing the total consideration of all sales by the number of acres sold. The State average price for each year was then derived from the nine area prices, weighted according to the acreage of land in farms as recorded in the 1940 U. S. Census.

In only one instance was an estimate made as to average price of land where county data for an area were inadequate. 4/ There appears also to be a discrepancy in the data for the North Central area for 1930 and 1931, but the data are presented as reported from the counties. It is not likely that the index was actually as low as 130 in 1930 nor as high as 304 in 1931.

Throughout this report the term, "land prices," rather than "land values," is used when referring to actual sales data. The term, "land values," is used only to identify the data collected by the U. S. Census at five-year intervals and the estimates of farm-land values collected three times a year by the Bureau of Agricultural Economics for its land-value index. These data on land prices and land values are compared in this report.

Trend in Land Prices, 1930 to 1944

Prices of land in Nebraska fell from an index of 191 in 1930 to 107 in 1934 (1935-39 = 100). They rose to 110 in 1936, after which they again dropped for five consecutive years, reaching a low of 73 in 1941. Prices then started to rise. By 1944, the index had risen to 106 (fig. 1 and table 1).

In 1930, the average price per acre of land for the State was $50.15 and in 1941, it was $19.18. By 1944, it had increased to $27.91, an increase over 1941 of 46 percent. Sale prices for the years ended April 1, 1930 to 1944, for the State and for each of the nine areas, are shown in table 2.

4/ In Northwest Nebraska only one of the five counties sent in a report of land sales for 1941. The average price of $5.86 per acre for the area was arbitrarily changed to an estimate of $8.00, which made it appear more comparable to the price relationship prevailing among the counties in other years.

Prices of land in most parts of Nebraska followed about the same trend as shown for the State, although there were some area differences. The greatest decreases in price occurred in the north central, central, south central and southwestern areas of the State. In these areas the price index was less than one-third as high during the low period from 1940 to 1942 as in 1930. Although the price of land decreased less in the sandhills than in any other area in the State, the index nevertheless dropped from 158 in 1930 to 87 in 1939.

Prices of land in five of the nine areas reached their low point in the 2-year period 1940-41. Northwest Nebraska reached its low in 1935, the southwestern wheat area in 1937 and the sandhills in 1939. Price in the south central area did not reach its low point until 1942.

The greatest increase in price has been in the north central part of the State where the index rose from 83 in 1940 to 173 in 1944. The sandhills area has shown the second highest rise. These two areas are about at their 1930 price levels. The southeastern area of the State has had the least recovery in price from the low reached in 1940. The index of prices in this area was 181 in 1930 and dropped to 75 in 1940. It has since risen to 94.

Comparison of Sale Price and Census Land Values, 1930-1935-1940

Data relating to land values collected by the United States Census are farmers' estimates of the market value of their land. The average value per acre in Nebraska, according to the census, was higher than the average sale price. As the market declined, the difference between the values reported by the census and actual sale prices ranged from $5.66 in 1930 to $4.72 in 1940. A comparison of average sale prices of farm land in Nebraska and census farm values follows:

	1930	1935	1940
Farm values, average per acre (U. S. Census as of April 1, 1930 and 1940, January 1, 1935)	$55.81	$33.53	$24.03
Sale prices, average per acre (Average for year ending April 1)	50.15	27.99	19.31
Difference	$ 5.66	$ 5.54	$ 4.72

Comparison of the Index of Average Sale Price and the Index of Estimated Land Values, 1930-1944

Estimates of land values are made several times a year by the Bureau of Agricultural Economics from reports received periodically from local correspondents, including farmers, real estate dealers, appraisers, country bankers and similar groups in close contact with the farm real estate situation. The index of land values as based on these reports are published in the "Farm Real Estate Situation," issued by the United

States Bureau of Agricultural Economics. The annual index of land values is reported as of March 1 of each year and the index of sale prices is the average for the year ending April 1.

The index of land values and the index of land prices developed in this report follow each other rather closely during most of the years. In 1930, the index of land values was lower than the index of land prices. By 1933, the two indexes were closer together. After 1936 the index of land prices dropped lower than the index of land values. By 1940 the indexes were 11 points apart and at the low point the index of land prices was 7 points lower than the index of land values. On the other hand, by 1944 the index of land prices was about 4 points higher than the index of land values (fig. 2).

This would seem to indicate that the index of land values is not quite so responsive to change as is the index of land prices developed from sales information.

Index of Volume of Land Sales

The index of volume of sales is based on the number of deed transfers with full consideration in 34 of the 93 counties that reported land sales for each of the years, 1930 to 1944. The counties are well scattered and should represent the State fairly well. Only the extreme western part of the State is poorly represented.

On the basis of these records, the volume for the year ending April 1, 1944 was more than five times as great as in 1933 and nearly three times as great as in 1941. The index of volume of land sales dropped from 170 in 1930 to 64 in 1933 and has now risen to 320 (fig. 3). If contracts for deed could have been included, the index would have risen even higher in the last few years, because corporations have used this type of instrument a great deal in liquidating their holdings.

A comparison is made of the index of volume of land sales in the 34 counties and the index of volume of voluntary sales and trades in Nebraska as based on crop reporters estimates. 5/ (fig. 3) The estimated volume during the early thirties was considerably under the volume shown in this report. Beginning with 1933, the two indexes kept close together. In 1941 the index of estimated volume started to rise much faster than did the index of volume from sales data, although they were together again in 1944. It may be that the crop reporters in their estimates included some unrecorded contracts for deed widely used by corporate land owners.

5/ "The Farm Real Estate Situation", United States Department of Agriculture, Washington, D. C.

Table 1.- Index of land prices in Nebraska, 1930-44

(1935-1939 = 100)

Year	State	Areas									
		North-east	South-east	South Central	Central	North Central	Sandhills	South-west	Southwest Wheat	North-west
1930	191	188	181	204	199	130*	158	214	191	179
1931	173	163	160	170	172	304	131	184	242	117
1932	156	157	149	159	147	148	152	187	186	100
1933	121	131	108	112	138	124	121	117	132	89
1934	107	113	98	105	91	111	96	133	114	107
1935	107	109	102	103	116	124	109	108	98	83
1936	110	112	111	108	106	107	108	109	108	110
1937	100	93	98	109	98	98	101	97	95	101
1938	96	93	104	96	91	84	95	103	96	112
1939	87	89	84	84	90	87	87	82	102	93
1940	74	72	75	68	66	83	87	72	97	98
1941	73	73	81	64	57	84	88	69	95	94
1942	77	77	76	62	65	147	98	73	113	91
1943	90	92	83	73	85	161	119	92	116	106
1944	106	103	94	94	100	173	155	112	142	120

* Data apparently inadequate.

Table 2.- Average price per acre of farm land sold in Nebraska
1930-44

Year	State	Areas								
		North-east	South-east	South Central	Central	North-Central	Sandhills	Southwest	Southwest Wheat	North-west
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
1930	50.15	116.15	119.32	102.28	53.35	15.47 *	7.10	32.12	26.16	15.32
1931	45.33	101.21	105.65	85.49	46.17	36.00	5.88	27.16	33.15	9.97
1932	40.97	97.52	98.41	79.94	39.47	17.51	6.79	28.09	25.56	8.53
1933	31.67	81.34	71.45	56.22	37.02	14.70	5.43	17.60	18.06	7.61
1934	28.00	70.07	64.27	52.84	24.41	13.13	4.30	19.94	15.67	9.13
1935	27.99	67.66	67.34	51.58	30.94	14.70	4.88	16.23	13.49	7.13
1936	28.76	69.12	73.42	54.17	28.46	12.69	4.84	16.38	14.86	9.43
1937	26.38	60.61	64.35	54.56	26.15	11.62	4.53	14.56	13.04	8.62
1938	25.29	57.28	68.74	48.20	24.26	9.99	4.25	15.51	13.20	9.58
1939	22.82	54.95	55.50	42.30	24.02	10.28	3.88	12.34	14.00	7.94
1940	19.31	44.88	49.13	33.96	17.61	9.85	3.90	10.87	13.27	8.39
1941	19.18	45.42	53.42	32.25	15.37	10.01	3.96	10.41	13.08	8.00
1942	20.29	47.98	49.86	31.24	17.32	17.40	4.41	11.02	15.44	7.75
1943	23.73	56.76	54.57	36.80	22.84	19.09	5.32	13.87	15.96	9.05
1944	27.91	63.86	61.70	47.08	26.78	20.53	6.96	16.82	19.51	10.25

* Data apparently inadequate.

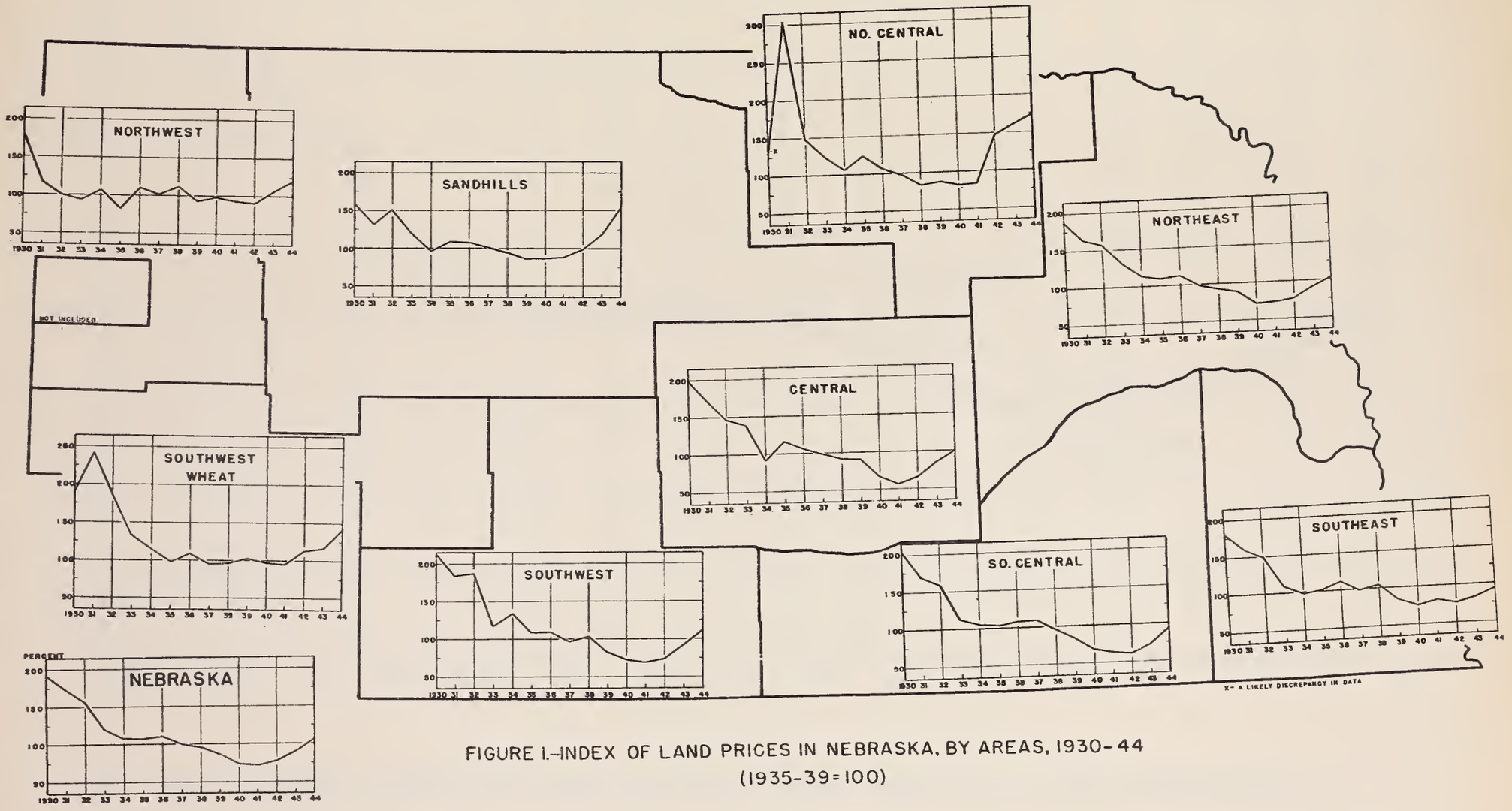
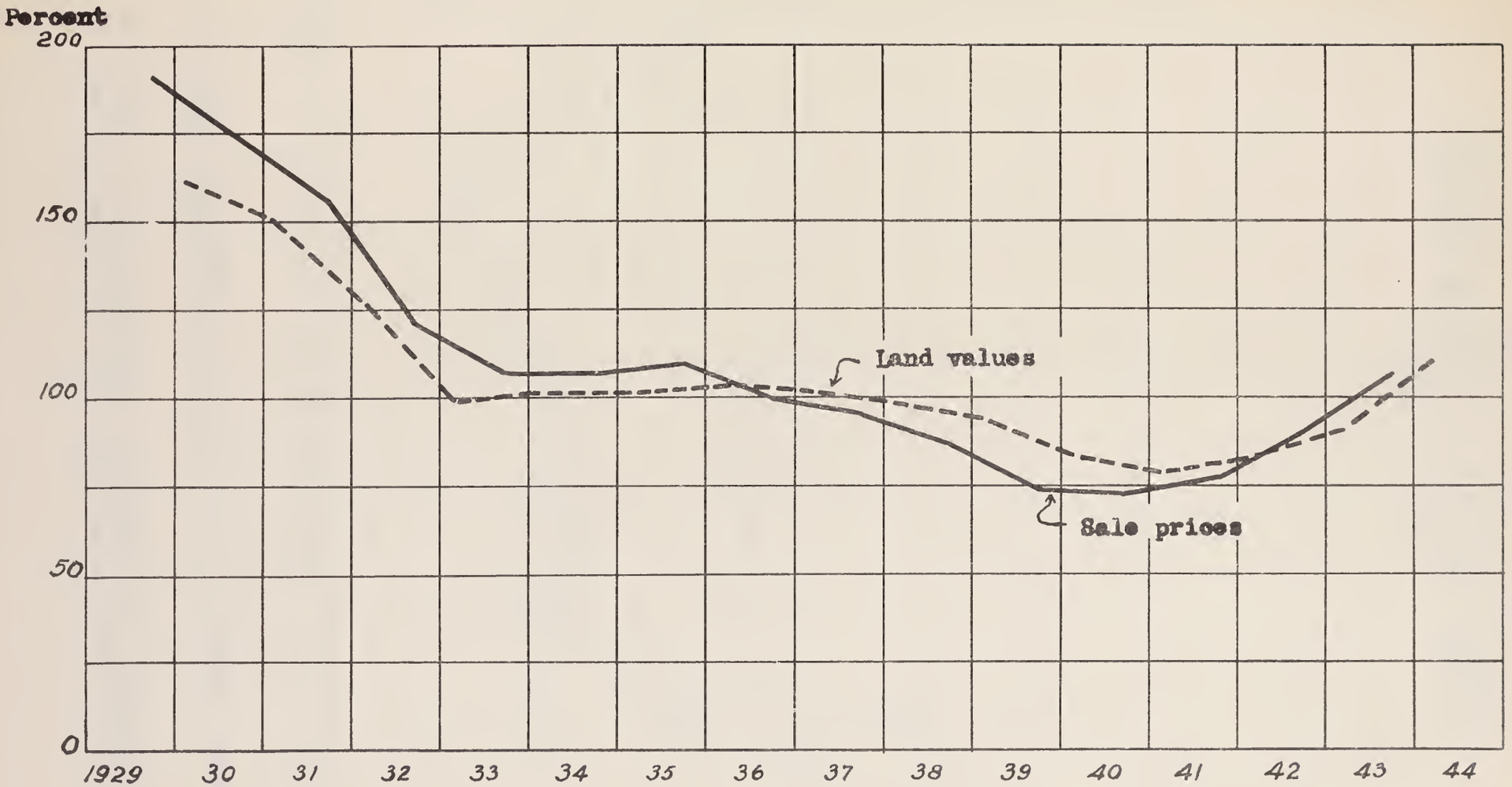


FIGURE I.–INDEX OF LAND PRICES IN NEBRASKA, BY AREAS, 1930–44
(1935-39=100)

Figure 2.- Comparison of index of average sale prices 1/ and index of land values 2/ in Nebraska, 1930-44.

(1935-39 = 100)

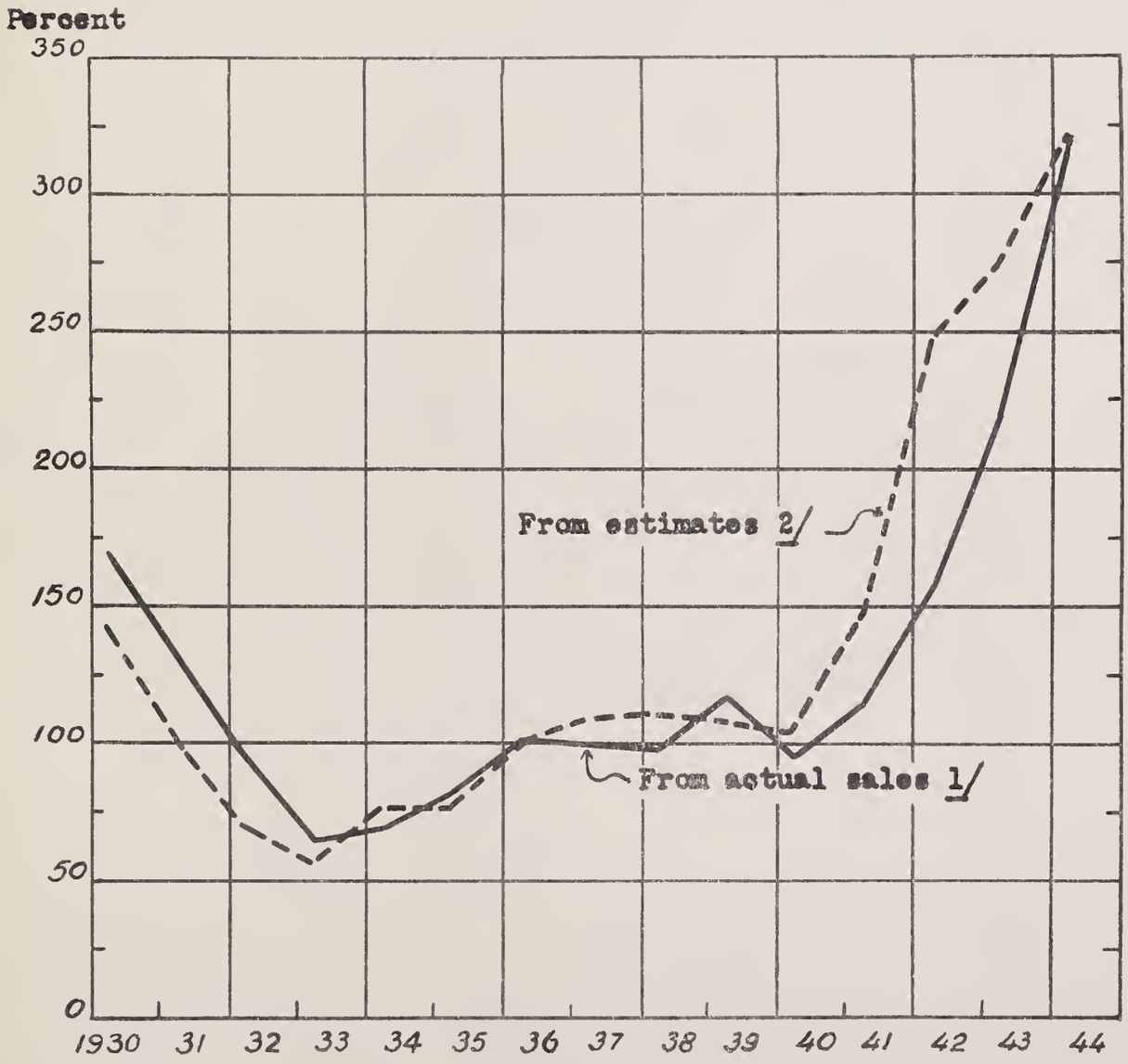


1/ Based on actual sales from county records, plotted mid-point of years ending April 1.

2/ Land value index from "Farm Real Estate Situation", BAE, USDA, based on reports from farmers and real estate dealers, plotted as of March 1 each year.

Figure 8.- Comparison of index of volume of land sales 1/ and index of volume of estimated voluntary sales and trades 2/ in Nebraska, 1930-44.

(1935-39 = 100)



1/ Based on continuous records from 84 counties, years ended April 1.

2/ Based on crop reporters' estimates from "Farm Real Estate Situation", BAE, USDA, years ended March 15.